

Hearing Date and Time: November 20, 2013 at 10:00 a.m.
Objection Date and Time: November 13, 2013 at 4:00 p.m.

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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

IN RE:	Chapter 11
LEHMAN BROTHERS HOLDINGS INC., ET AL.,	Case No. 08-13555 (JMP)
Debtors.	(Jointly Administered)

**LIMITED OBJECTION OF ESP FUNDING I, LTD
TO MOTION OF LEHMAN BROTHERS HOLDINGS INC. PURSUANT
TO RULE 9019 OF THE FEDERAL RULES OF BANKRUPTCY
PROCEDURE AND SECTION 105(A) OF THE BANKRUPTCY CODE FOR
APPROVAL OF (I) PARTIAL SETTLEMENT AGREEMENTS RELATING
TO CERTAIN CREDIT DEFAULT SWAP AGREEMENTS AND INDENTURES AND
(II) AMENDMENT TO PARTIAL SETTLEMENT AGREEMENT RELATING TO
PEBBLE CREEK LCDO 2007-3 CREDIT DEFAULT SWAP AGREEMENT**

Babson Capital Management LLC, as Advisor to ESP Funding I, LTD (the “*Noteholder*”),
by its undersigned attorneys, respectfully submits this limited objection (the “*Limited Objection*”)
to the Motion of Lehman Brothers Holdings Inc. Pursuant to Rule 9019 of the Federal Rules of
Bankruptcy Procedure and Section 105(a) of the Bankruptcy Code for Approval of (I) Partial
Settlement Agreements Relating to Certain Credit Default Swap Agreements and Indentures and
(II) Amendment to Partial Settlement Agreement Relating to Pebble Creek LCDO 2007-3 Credit

Default Swap Agreement (the “*Motion*”) [ECF 40573], and in support thereof, respectfully states as follows:¹

1. The Noteholder refers this Court to the factual background recited in the Motion, which the Noteholder has no reason to doubt or dispute.

2. The Noteholder holds certain Class B Notes issued by Exum Ridge CBO 2007-2, Ltd., as Issuer, and Exum Ridge CBO 2007-2, Corp., as Co-Issuer (together, the “*2007-2 Issuers*”). In such capacity, the Noteholder received a certain Notice to Holders related to the Class B and Class C Notes issued by the 2007-2 Issuers, with a Notice Date of October 18, 2013 (the “*Notice*”) from U.S. Bank National Association, as indenture trustee (the “*Trustee*”).

3. The Noteholder has reviewed (i) the summary of the Settlement Agreement that is included in the Notice and (ii) the Motion (collectively, the “*Settlement Materials*”). From its review of the Settlement Materials, the Noteholder understands, among other things, that: (i) it may effectively opt out of the Settlement Agreement as an “Objecting Noteholder” by (and only by) filing a formal objection to the Motion and/or the Settlement Agreement; and (ii) the Escrow Amount to be held by the Trustee shall be sufficient to satisfy in full the rights of any and all then Objecting Noteholders in respect of their Notes at any given time in the event that they prevail in the Litigation.

4. Based on this understanding, the Noteholder hereby respectfully objects to the Motion and the Settlement Agreement for the limited purpose of individually rejecting the offer of the Noteholder Settlement Amount in exchange for its Notes, thereby becoming an Objecting Noteholder with respect to the Settlement Agreement.

¹ Terms not defined herein shall have the meanings ascribed to them in the Motion.

5. Given its limited and indirect knowledge of the Settlement Agreement and other background to the Motion, the Noteholder reserves its right to supplement or amend this Limited Objection upon obtaining further or more accurate information on those subjects.

Dated: November 12, 2013
New York, New York

BINGHAM MCCUTCHEN LLP

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